

18th September 2007

Dear Sir,

1 Submission Re Bus and Ferry Operation

I wish to make a submission related to Newcastle Bus and Ferry Services AND to the basis of determining operating costs.

I wish to address three areas

2 1 Operating Cost Calculations

There are three factors to be considered when determining bus operating costs.

Firstly the cost of products and services consumed.

These include items such as fuel, oil, spare parts and insurance. To determine fair market values for these products is fairly easy by using supplier price lists, indexes and market reports.

Secondly the bus routes.

Operators should only be paid when efficiently servicing an area. Where an operator uses excessive buses the cost of operation should be calculated only on the buses necessary to meet the demand.

In other words if five buses travel on a section of roadway and the total passenger load could readily be carried by one bus then the cost of operating the other four buses should be discarded.

Likewise where an area is over serviced then the cost of providing the excess servicing should also be discarded.

An example is Hunter Street Newcastle which is serviced by 23 Newcastle Buses routes as well as other services. Typically buses in Hunter St have less than 10 passengers and very commonly less than 5 passengers.

Thirdly the size of the bus

Operators should only be paid for operating a vehicle of appropriate size.

If a bus route could be serviced by a 25 seat bus then clearly the operator should not be paid for the cost of operating a 50 seat vehicle.

Likewise if an operator uses a tourist coach on a route requiring a route bus then the cost should be based on the route bus.

The Department of Education only pays for School bus services on an LASC (Licenced Adult Seating Capacity) basis. If an operator chooses to use a larger bus that is their choice however the additional costs are not reimbursed.

3 2 Newcastle buses

When IPART last considered the fares for Newcastle Buses concerns were expressed by IPART and others about the efficiency.

When determining the operating cost and fare structure I believe it is reasonable that such decisions are based on efficient operation and properly determined routes and timetables.

Newcastle Buses operating with only 1.3 passengers per kilometre is clearly not efficient.

4 3 Newcastle Ferries

Newcastle Ferries has two similar ferries, the Hunter and the Mayfield. Only one ferry is in operation at a time.

When determining the cost of operation of Newcastle Ferries I believe it is reasonable that only the cost of operation and berthing of one ferry should be taken into account.

I trust my issues and comments will be taken into account.

Rick Banyard